

## **GST Council to Weigh Changes in Services Slabs Amid Push for Simplification**

As the GST Council — composed of state finance ministers and senior officials — prepares for key meetings starting Tuesday, focus is sharpening on how it will address services currently taxed at 12%, 18%, and 28%.

At present, hotel rooms priced up to ₹7,500 per night are subject to a 12% GST, while those exceeding this threshold attract 18%. Similarly, air travel is taxed in slabs, with economy and business class tickets carrying different rates. The Centre, which has proposed a comprehensive overhaul of the system, is eager to resolve such classification inconsistencies.

However, revenue concerns complicate the transition. Banking services, widely regarded as overtaxed at 18%, are unlikely to see a rate reduction anytime soon. Insurance services may see mixed treatment, with term and health insurance potentially moved to lower rates, while car and home insurance remain at 18%.

Homeowners are also seeking relief, highlighting that apartment maintenance charges exceeding ₹7,500 per month are taxed at 18% when paid to resident welfare associations — a move many argue unfairly burdens middle-class urban households.

While the council's primary focus remains on rationalizing goods, some service sector adjustments are expected, such as changes to salon service rates. Meanwhile, casino entry fees are likely to shift into the proposed 40% slab, reserved for sin and luxury goods.

The GST fitment committee, consisting of state officials, will begin deliberations on Tuesday ahead of the Council's formal meeting scheduled for September 3–4. The overarching goal: ease the burden on consumers and simplify the tax structure, possibly by phasing out the 12% and 28% slabs in favor of a near-universal regime covering 99% of items.